

1 defendants TNT and Gochis have advised plaintiffs that as of
2 April 30, 1990, TNT, though fully able to do so, will no longer
3 provide the TNT programming service to plaintiffs. Those
4 defendants have been notified that such a refusal to provide the
5 subject programming will cause irreparable damage to plaintiffs
6 and may cause the total destruction of plaintiffs as a
7 competitive programming supplier in the Sacramento market. In
8 spite of that advice, and in total disregard of their solemn
9 contractual obligations, defendants TNT and Gochis maintain that
10 they will take the action heretofore threatened of refusing to
11 deliver the TNT programming to plaintiffs unless temporarily and
12 permanently restrained by this Court.

13 Wherefore, plaintiffs pray for judgment, preliminary and
14 final, as hereinafter set forth.

15 SECOND CAUSE OF ACTION
16 (Declaratory Relief)

17 19. Plaintiffs reallege and incorporate herein by
18 reference the allegations contained in paragraphs 1 through 19,
19 inclusive, of this complaint.

20 20. "Wireless cable" provides a means for distributing an
21 array of video programming to customers -- as cable television
22 does -- but without the need to construct a coaxial cable
23 system. Instead, programming is delivered through various
24 over-the-air frequencies licensed by the Federal Communications
25 Commission, including MDS (multipoint distribution service),
26 MMDS (multichannel multipoint distribution service), OFS (other
27 fixed service) and ITFS (instructional television fixed service)
28 frequencies. Further, the wireless cable radio signal radiates

1 simultaneously to all points of the compass. For all relevant
2 purposes, using wireless cable PacWest TV can distribute its
3 programming services, such as the TNT programming, to
4 subscribers in its cable television licensed territory in a
5 comparably effective manner as coaxial cable, except that
6 coaxial cable uses wires whereas "wireless cable" frequencies
7 represent microwave transmission technology, and wireless cable
8 facilities cannot provide as great a channel capacity as fiber
9 optic or coaxial cable.

10 21. The business of cable television, like that of
11 newspapers and magazines, is to provide subscribers with a
12 mixture of news, information and entertainment. Like
13 newspapers, cable television companies use a portion of their
14 available space (channels) to reprint (or retransmit) the
15 communications of others, such as the TNT programming, to their
16 subscribers. A cable television company is not a public
17 utility, but rather is a recognized member of the media and is a
18 First Amendment speaker and publisher.

19 22. In 1983, Bruce Fite and Joseph Benvenuti desired to
20 engage in the cable television business within the City of
21 Sacramento and for that purpose formed the partnership known as
22 Pacific West Cable Company ("PacWest"). Between 1983 and 1987
23 PacWest's efforts to enter the Sacramento cable market were
24 thwarted by, among other things, an absolute prohibition upon
25 that activity imposed by the City of Sacramento, the County of
26 Sacramento, and the joint agency they created to oversee cable
27 television, the Sacramento Metropolitan Cable Television
28 Commission (collectively, the "Sacramento Government

1 Agencies"). The Sacramento Government Agencies had earlier
2 determined to issue only one franchise or license for cable
3 television activities and to deny to all others that right.

4 23. Faced with no alternative, in September 1983, PacWest
5 Co. sued the City and County of Sacramento to vindicate its
6 right to enter the Sacramento cable market. Almost four years
7 earlier, in July 1987, following jury verdicts favorable to
8 PacWest Co., the Sacramento Government Agencies abandoned their
9 absolute prohibition on competition in the Sacramento cable
10 market. Thus, in 1987, PacWest Co. began preparing to, and
11 began constructing a competitive cable system primarily using
12 wire facilities.

13 24. By the time such authorization was actually issued,
14 however, Scripps and its subsidiary, SCT, the cable company
15 selected by the Sacramento Government Agencies in 1983 to
16 receive a monopoly franchise, had already substantially
17 completed construction of its system covering all of the
18 Sacramento Metropolitan area. In late 1987, Scripps sought and,
19 in exchange for the payment of a large sum of money (in excess
20 of \$15 million), obtained modifications of the Scripps franchise
21 agreement and the ordinance regulating the same, from the
Sacramento Government Agencies. These modifications allowed

1 25. By the nature of the construction of coaxial
2 facilities for cable television and the impediments placed in
3 the licensing procedures prescribed by the governmental
4 agencies, the Scripps system had long periods of advance notice
5 as to each area of the Sacramento market that PacWest Co. could
6 serve. This enabled Scripps to engage in discriminatory pricing
7 practices, including the giving away of free service and/or
8 gifts (e.g., color television sets) to subscribers in the area
9 PacWest Co. was preparing to serve, and to offer various
10 enticements to potential cable subscribers to prevent them from
11 subscribing to PacWest Co.'s service, with the result that
12 PacWest Co. could not secure enough of a subscriber base in its
13 limited area of coaxial wire construction to compete in the
14 market, thus forcing plaintiff to suspend its coaxial cable
15 construction.

16 26. In the Fall of 1988, in an effort to offset the
17 discriminatory pricing of the Scripps system, PacWest Co. formed
18 plaintiff PacWest TV as a joint venture with a company known as
19 PCTV to provide a reduced tier of cable service (fewer channels)
20 at a competitive price simultaneously throughout its licensed
21 area.

22 27. Between the time the TNT programming was launched
23 (October 3, 1988) and through November 1989, PacWest had
24 distributed TNT programming only through its system of coaxial
25 cables, which at that time reached relatively few subscribers in
26 the Sacramento area. However, commencing in approximately
27 November 1989, with the receipt and installation of appropriate
equipment, plaintiffs began distributing TNT programming using

1 their wireless facilities in conjunction with its coaxial
2 cable. The TNT service has been well received by the public,
3 and plaintiffs' subscriber count has been steadily growing in a
4 market containing over 340,000 homes.

5 28. Shortly after plaintiffs had begun distribution of TNT
6 programming by supplementing their wired service with wireless
7 service, and following contacts between TCNS account
8 representatives and the Scripps system, defendant Gochis
9 notified plaintiffs that carriage of TNT programming using
10 wireless technology was not consistent with the terms of the
11 Affiliate Agreement. Defendant Gochis did not and could not
12 identify any portion of the Affiliate Agreement which prohibited
13 the use of such technology by a cable television system
14 distributing TNT programming.

15 29. Thereafter plaintiffs arranged for meetings with
16 defendant Gochis and other representatives of the Turner
17 defendants and attempted to ascertain how or why the Affiliate
18 Agreement prohibited the distribution of TNT programming using
19 the wireless technology in conjunction with its cable
20 facilities. Plaintiffs offered to discuss, negotiate and even
21 to appropriately amend its Affiliate Agreement with TNT in any
22 reasonable fashion, but the offer was arrogantly declined.

23 30. Despite such efforts at negotiations, by letter dated
24 March 6, 1990, TBS's general counsel demanded that plaintiffs
25 cease distribution of TNT programming using wireless frequencies
26 with its coaxial facilities, by March 31, 1990 (25 days) (since
27 extended to April 30, 1990); and has stated that if plaintiffs
28 do not comply, the Turner defendants would terminate the

1 Affiliate Agreement and discontinue and deauthorize completing
2 its transmission of TNT programming to plaintiffs, which in turn
3 would be unable to distribute TNT programming to its cable
4 subscribers. A true and correct copy of the termination letters
5 are attached hereto as Exhibits "2" and "3," respectively, and
6 incorporated herein by this reference.

- 31. The Turner defendants and defendant Gochis have in

1 **THIRD CAUSE OF ACTION**
2 **(Breach of the Implied Covenant**
3 **of Good Faith and Fair Dealing)**

4 34. Plaintiffs reallege and incorporate by reference the
5 allegations in paragraphs 1 through 32, inclusive, of this
6 complaint.

7 35. Under Georgia and California law, there is implied in
8 every contract a covenant of good faith and fair dealing that,
9 among other things, obligates the parties to deal honestly with
10 each other.

11 36. The Turner defendants breached the implied covenant of
12 good faith and fair dealing when it threatened to unilaterally
13 terminate the Affiliate Agreement unless plaintiffs cased
14 distribution of TNT programming through wireless cable.

15 37. As a direct and proximate result of the Turner
16 defendants breach of the Affiliate Agreement, plaintiffs have
17 suffered and will suffer damages in a sum not presently
18 ascertainable, but which exceed the jurisdictional limit of
19 this Court. Plaintiffs will seek leave to amend this Complaint
20 at such time as their damages are ascertained.

21 Wherefore plaintiffs pray judgment as hereinafter set
22 forth.

23 **FOURTH CAUSE OF ACTION**
24 **(Specific Performance)**

25 38. Plaintiffs reallege and incorporate herein by
26 reference the allegations contained in paragraphs 1 through 36,
27 inclusive, of this Complaint.

28 39. Unless the Court specifically enforces the terms,
conditions, and provisions of the Affiliate Agreement by

1 ordering the Turner defendants to continue providing TNT
2 programming through the terms of the Affiliate Agreement,
3 plaintiffs will suffer irreparable injury.

4 Wherefore plaintiffs seek judgment as hereinafter set
5 forth.

6 FIFTH CAUSE OF ACTION

(Tortious Interference With Contractual Relations)

7 40. Plaintiffs reallege and incorporate herein by
8 reference the allegations contained in paragraphs 1 through 39,
9 inclusive, of this Complaint.

10 41. The Turner defendants and Gochis knew or should have

1 disrupt plaintiffs' contractual relationship with their various
2 subscribers, and unless restrained the Turner defendants and
3 Gochis will cause plaintiffs great and irreparable injury, for
4 which damages would not afford adequate relief nor completely
5 compensate for the resulting injury to plaintiffs' business
6 reputation and goodwill.

7 45. As a direct and proximate result of defendants'
8 tortious interference with plaintiffs' contractual relations,
9 plaintiffs has suffered and continues to suffer damages in a
10 sum not presently ascertainable, but which exceed the
11 jurisdictional limits of this Court. Plaintiffs will seek
12 leave to amend this Complaint at such time as their damages are
13 ascertained.

14 46. The aforementioned acts of the Turner defendants and
15 Gochis were willful, oppressive and malicious, and plaintiffs
16 are entitled to punitive damages in an amount not less than \$25
17 million.

18 **SIXTH CAUSE OF ACTION**
(State Cartwright Act)

19 47. Plaintiffs reallege and incorporate herein by
20 reference the allegations contained in paragraphs 1 through 46,
21 inclusive, of this Complaint.

22 48. This claim arises under the Cartwright Act, Cal. Bus.
23 & Prof. Code §16600 et seq.

24 49. The business of cable television is relatively young;
25 it developed initially, following the introduction of VHF
26 television broadcast stations, as a coaxial wire method of
27 providing an antenna service; it then evolved, with the aid of
28

1 microwave and communication satellites using radio frequencies,
2 into an independent medium providing expanded networks of news,
3 information and entertainment; and over a period of only about
4 30 years it accomplished the "wiring" of the nation. As the
5 industry so developed, local government found it advantageous
6 to limit access to the market, and the companies which were
7 able to get into the business found it advantageous to
8 cooperate with local government to so limit competition.

9 50. As time passed, consolidation of cable television
10 companies occurred creating MSOs which were and are able to use
11 their selective purchasing power to influence and to control
12 the business practices of programming suppliers. The Turner
13 defendants, once an independent force in the industry, are now
14 substantially owned by MSOs and are controlled by a Board of
15 Directors, the majority of which are representatives of such
16 MSOs.

17 51. Plaintiffs allege on information and belief that it is
18 the policy of certain MSOs, sued herein as Does, to discourage
19 and impede the development of any viable form of competition
20 for the providing of video programming at the retail level by
21 means of competitive cable companies, and that among other acts
22 taken to maintain local monopolies for such services, the Doe
23 defendants have exercised their ability to control the business
24 practices of program suppliers to require encryption of
25 satellite signals, to demand and receive discounts in pricing
26 not justified by the logical business interests of such program
27 suppliers, and to refuse to deal with those who could hope to
28 compete with their local cable monopolies such as "wireless

1 cable" operators based on the claim that such companies are not
2 subject to the demands of local government for tariffs,
3 penalties, fees and forfeitures demanded of cable companies.

4 52. Plaintiff is a licensed cable operator, differing only
5 from such MSOs in that it has indicated a willingness to
directly compete in the market with the existing cable system

1 such anticompetitive actions and threatened actions, plaintiffs
2 will continue to suffer great and irreparable harm.

~~Therefore, plaintiffs request judgment as hereinafter set~~

1 defendants from engaging in these practices in the future.
2 Plaintiffs, therefore, both on their own behalf and on behalf
3 of the general public, are entitled to an order enjoining
4 defendants from engaging in the practices complained of herein
5 pursuant to Business and Professions Codes §§17203 and 17204.

6 61. Plaintiffs allege on information and belief that
7 defendants have acquired money from persons as a result of the
8 acts of unfair competition alleged herein. Consequently, the
9 court should order defendants to make restitution of all sums
10 obtained as a result of their acts of unfair competition.

11 WHEREFORE, plaintiffs pray judgment as hereinafter set
12 forth.

13 EIGHTH CAUSE OF ACTION
14 (Conspiracy)

15 62. Plaintiffs reallege and incorporate herein by
16 reference the allegations contained in paragraphs 1 through 61,
17 inclusive, of this Complaint.

18 63. Prior to December 1989 the Turner defendants, Gochis
19 and the Doe defendants knowingly and willfully conspired and
20 agreed among themselves to damage plaintiffs by depriving it of
21 the benefits of the Affiliate Agreement and plaintiffs'
22 contractual relationships with their subscribers by depriving
plaintiffs of TNT programming and their ability to distribute

1 65. The Turner defendants and Gochis have acted with
2 oppression and malice and plaintiffs are entitled to punitive
3 damages in a sum not less than \$25 million.

4 Wherefore plaintiffs pray judgment as hereinafter set
5 forth.

6 NINTH CAUSE OF ACTION
7 (Promissory Estoppel)

8 66. Plaintiffs reallege and incorporate by reference
9 herein by reference the allegations contained in paragraphs 1
10 through 65, inclusive, of this Complaint.

11 67. Plaintiffs reasonably relied on the express
12 representations and actions of the Turner defendants' agents
13 and employees directing and approving the Affiliate Agreement.

14 68. In reliance on such representations and actions,
15 plaintiffs distributed TNT programming to their subscribers as
16 part of their basic cable service, and those subscribers
17 reasonably expect to continue receiving TNT programming.

18 69. The Turner defendants knew or should have known that
19 plaintiffs continue to expend substantial sums to improve and
20 extend their facilities and business, and that, in reliance on
21 the Turner defendants' representations and actions, plaintiffs
22 would continue to distribute TNT programming to the mutual
23 benefit of both parties.

24 70. The Turner defendants have benefited from plaintiffs'
25 distribution of TNT programming on plaintiffs' hard wire and
26 wireless systems beyond the receipt of payments from
27 plaintiffs, in the form of advertising revenues and goodwill
28 and recognition garnered with plaintiffs' subscribers.

1 71. Plaintiffs reasonably relied on the Turner defendants'
2 implied promise to negotiate in good faith with plaintiffs for
3 the distribution of TNT programming and not to refuse to permit
4 distribution without just cause.

5 72. In reliance on the Turner defendants' implied promise
6 to negotiate in good faith, and not to refuse to permit
7 distribution without just cause, plaintiffs have incurred
8 substantial expense and expended substantial effort.

9 73. As a proximate result of the Turner defendants' breach
10 of their implied agreement to allow plaintiffs to carry TNT
11 programming on their wireless system under the Affiliate
12 Agreement, plaintiffs will suffer immediate and irreparable

ON THE SECOND CAUSE OF ACTION

2. For a declaration by the Court that plaintiffs are entitled, pursuant to the Affiliate Agreement, to distribute TNT programming through wireless cable;

3. For a declaration by the Court that the Turner defendants are prohibited from discontinuing or deauthorizing transmission of TNT programming to plaintiffs through the term of the Affiliate Agreement;


ON THE THIRD CAUSE OF ACTION

Top General damages according to proof with

1 11. For such other and further relief as the Court may
2 deem just and proper.

3
4 FARROW, SCHILDHAUSE & WILSON

5
6 Dated: April 6, 1990

7 
8 James C. Parker
9 Attorneys for Plaintiffs
10 Pacific West Cable Company
11 and Pacific West Cable
12 Television
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Based on the foregoing DISCUSSION defendant's motion for summary judgment with respect to the individual plaintiffs and the plaintiff class is hereby DENIED.

With respect to the individual plaintiffs and the plaintiff class, this court hereby enjoins defendant from any practices, policies, customs, and usages which have herein been identified as discriminatory. To this end, the court advises that the defendant respond to this declaratory and injunctive relief in at least the following ways: "

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PACIFIC WEST CABLE
COMPANY, Plaintiff,

v.

CITY OF SACRAMENTO, CALIFORNIA,
a municipal corporation; and County
of Sacramento, California, a municipal
corporation, Defendants.

Civ. No. S-83-1034 MLS.

United States District Court,
E.D. California.

AUG 18 1987

4. Declaratory Judgment ¶128

Request for injunctive and declaratory relief against old cable television ordinance was not moot, where second lawsuit against new ordinance created reasonable possibility that permanent licenses would not be issued under new ordinances or, if they were, they could be subsequently declared invalid.

5. Constitutional Law ¶90.1(9)

Telecommunications ¶449(1)

Cable television operator's speech was protected by First Amendment. U.S.C.A. Const. Amend. 1.

10. Constitutional Law ¶90(3)

Time, place and manner restrictions are acceptable so long as they are designed to serve substantial government interest and do not unreasonably limit alternative avenues of communication. U.S.C.A. Const. Amend. 1.

11. Municipal Corporations ¶592(1)

Section of California Public Utilities Code imposing upon public utilities a mandatory duty to make "surplus space" on utility poles and in utility easements available for use by cable television operators did not in any way "preempt" local regulation of cable television. West's Ann Cal

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Court,

16. Telecommunications §449.10(2)

Cable television system operator was entitled to injunctive relief with respect to its request for permission to build and operate its cable television system, since operator had no adequate remedy at law and would suffer irreparable harm if equitable relief was denied.

Harold R. Farrow, Robert M. Bramson, Siegfried Hesse, Farrow, Schildhause & Wilson, Oakland, Cal., Richard Alexander, The Boccardo Law Firm, San Jose, Cal., for plaintiff.

Michael A. Small, Kathleen M. McGinnis, Preston, Thorgrimson, Ellis & Holman, Seattle, Wash., W. Young, K. Broerick, Preston, Thorgrimson, Ellis & Holman, Washington, D.C., James Jackson, Sacramento City Atty., L.B. Elam, Deputy County Counsel, Sacramento County, Sacramento, Cal., for defendants.

Stephen L. Goff, Boutin, Lassner, Gibson, Terry & Delehant, Sacramento, Cal., for amicus curiae.

MEMORANDUM DECISION, CONCLUSIONS OF LAW AND ORDER FOR JUDGMENT

MILTON L. SCHWARTZ, District Judge.

Jury trial of this action commenced on March 23, 1987. After 29 days of trial, the matter was submitted to the jury on June 3 on a series of special verdicts. The jury returned twenty-two of the special verdicts on June 5. After entering those verdicts, the court asked the jury to continue deliberating on the remaining special verdicts. On June 9, the jury notified the court that it had reached unanimous agreement on eight of the special verdicts but were hopelessly deadlocked on the remaining five verdicts. The court accepted and entered

the additional eight verdicts and then charged the jury.

The court conducted one additional hearing and received two sets of briefs (one prior to the hearing and one after) on the issue of the proper judgment, if any, to be entered on the special verdicts. The matter has now been submitted. The following constitutes the court's judgment, including its analysis and conclusions, on the jury's special verdicts and in response to plaintiff's request for injunctive relief.

I. BACKGROUND

A. *The Issue of the Franchise*¹

In November of 1981, the Sacramento City Council and County Board of Supervisors enacted substantially identical cable television² ordinances (the "cable television ordinance"). The ordinance established an exclusive procedure for awarding cable television franchises. Under the cable television ordinance, any such franchise deemed to constitute a contract between the franchisee and the Sacramento Metropolitan Cable Television Commission (the "cable commission"), which is a joint powers authority formed pursuant to California law by defendants and two other cities. Furthermore, the possession of a franchise is a requirement for access to utility easements and underground conduits in Sacramento.

Pursuant to the provisions of the cable television ordinance, a request for proposals for the award of a cable television franchise within the city and county was issued. Defendants received four proposals. After conducting various meetings and hearing on the proposals and considering the reports prepared by the consultant retained by the county, defendants selected a firm called United Tribune Cable of Sacramento as the tentative franchisee.

1. Much of the information is taken from the stipulated statement of facts. A slightly modified version of this statement of facts was read to the jury as jury instruction number 15.

2. Cable television companies may distribute, among other things, news, information and en-

tertainment to viewers. It does so by transmitting electronic signals to and from a central location (a "head end") through cables to the television sets of subscribers. These cables are attached to public utility poles or placed in underground conduit.

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Cite as 672 F.Supp. 1322 (E.D.Cal. 1987)

Further public hearings, meetings and or more additional hearings, t

Angeles, 754 F.2d 1396, 1411-15 (9th Cir. 1985), *aff'd on other and narrower grounds*, 474 U.S. 979, 106 S.Ct. 380, 88 L.Ed.2d 333 (1986).

II. SPECIAL VERDICTS

At the close of evidence and final argument, the case was submitted to the jury on general instructions and eighteen special verdicts (many of which had several subparts). See Fed.R.Civ.P. 49(a).⁴ The court used special verdicts over the objection of plaintiff, which argued that it was entitled to a general jury verdict and instructions on the law.

A. Advantages of Special Verdicts

There were several advantages to using special verdicts in this case. The general verdict is usually either all wrong or all right because it is an inseparable and inscrutable unit. 5A Moore's Federal Practice ¶ 49.02 (2d ed. 1986) (quoting Sunderland, *Verdicts, General and Special*, 29 Yale L.J. 253, 259 (1920)). Special verdicts, on the other hand, isolate fact findings in such a way as to allow reviewing courts to make determinations as a matter of law while preserving the jury's role as a fact finder. Brown, *Federal Special Verdicts*:

trial in the event of an error of law misapplication of law to the facts. 342, 348; see also Wright and Miller *et al.*, *Federal Practice and Procedure*, § 2494-95 (1971); Wright, *The Use of Special Verdicts in Federal Court*, 38 F.R.D. 202 (1965). The Second Circuit on the use of special verdicts in *Berkley Inc. v. Eastman Kodak Co.*, 603 F.2d 100 (2d Cir.1979), *cert. denied*, 444 U.S. 1001, 106 S.Ct. 1061, 62 L.Ed.2d 783 (1981).

We note *en passant*, however, large and complex cases such as involving many novel legal issues better practice would have been to require special verdicts or the submission of interrogatories to the jury pursuant to Fed.R.Civ.P. 49. In that way the jury trial of all factual issues is preserved while the probability of a costly and expensive retrial is reduced. See *SCM Corp. v. Xerox Corp.*, 599 F.2d 32 (2d Cir.1979), *remanded on grounds*, 599 F.2d 32 (2d Cir.1979). Certainly the already difficult task of reviewing a case of this magnitude have been eased somewhat for this if we knew precisely what the findings were on several specific facts.

Circuit has also approved the use of special verdicts as facilitating its review for harmless error. See *Pacific Greyhound Lines v. Zane*, 160 F.2d 731, 737 n. 6 (9th Cir. 1947).

The court is especially concerned about the possibility of legal errors in this case inasmuch as the Supreme Court has explicitly declined to decide the legal issues raised by cable television franchising in the absence of a fully developed factual record, *City of Los Angeles v. Preferred Communications, Inc.*, 106 S.Ct. at 2037-38, even though it did note that where speech and conduct are joined in a single course of action, first amendment values must be "balanced" against competing societal interests. *Id.* at 2038 (citing to *Members of the City Council v. Taxpayers for Vincent*, 466 U.S. 789, 805-07, 104 S.Ct. 2118, 2128-30, 80 L.Ed.2d 772 (1984), and *United States v. O'Brien*, 391 U.S. 367, 376-77, 88 S.Ct. 1673, 1678-79, 20 L.Ed.2d 672, *reh'g denied*, 393 U.S. 900 (1968)).

The Ninth Circuit also relied on *Vincent* and *O'Brien* in holding that a cable company's first amendment claims should not be dismissed for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6). *Preferred*, 754 F.2d at 1402. In so doing, the Ninth Circuit did not explain what the relationship of the lines of inquiry used in *Vincent* and *O'Brien* should be in the cable television franchising context, except to say that its conclusion after applying *O'Brien* is "aided" by the public forum doctrine applied in *Vincent* and other cases. See *id.* at 1407.

The challenges presented by the developing state of the law are compounded by the difficulty of determining what constitutes a question of law. The distinction between questions of fact which must be resolved by the jury and questions of law which

v. Sullivan, 376 U.S. 254, 84 S.Ct. 710, 11 L.Ed.2d 686 (1964), in defamation cases. See *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485, 498-512, 104 S.Ct. 1949, 1958-65, 80 L.Ed.2d 502, *reh'g denied*, 467 U.S. 1267, 104 S.Ct. 3561, 82 L.Ed.2d 863 (1984).

The Supreme Court and Ninth Circuit have also both held that the balancing of interests which occurs in cases in which an employee is discharged for allegedly exercising first amendment free speech rights is one of law. *Connick v. Myers*, 461 U.S. 138, 148 n. 7, 150 n. 10, 103 S.Ct. 1684, 1690 n. 7, 1692 n. 10, 75 L.Ed.2d 708 (1983); *Loya v. Desert Sands Unified School District*, 721 F.2d 279, 281 (9th Cir.1983). In fact, the Ninth Circuit has held that it is error for a trial court to leave the balancing to the jury. *Loya*, 721 F.2d at 281-82; see also *Keller v. City of Reno*, 587 F.Supp. 21, 23 n. 4 (D.Nev.1984). This has prompted some courts to conclude that the extent of protection afforded by the first amendment is ultimately a question of law and that the jury's function is to find the underlying facts to which the legal standard is ultimately applied. *Kim v. Coppin State College*, 662 F.2d 1055, 1062 (4th Cir.1981) (cited in *Keller*, 587 F.Supp. at 23 n. 4); but see *Joyner v. Lancaster*, 815 F.2d 20, 23 (4th Cir.1987) (jury has no role to play; entire matter for court determination).

The use of special verdicts enables the jury to find these underlying facts and then allows the court to apply the law to the facts as found. See *Quaker City Gear Works, Inc. v. Skil Corp.*, 747 F.2d 1446, 1453 (Fed.Cir.1984) (citing 5A Moore's Federal Practice, § 49.02 at 49-8 (2d ed. 1984)), *cert. denied*, 471 U.S. 1136, 105 S.Ct. 2676, 86 L.Ed.2d 694 (1985). This procedure assigns to the trial judge the responsibility of

ing *Moore's* with approval), instructions which, in this case, may result in the jury performing tasks which must be performed by the judge. Because of the uncertainty in the judge/jury division of labor, special verdicts assure that the jury does not impermissibly decide a question of law. See Weiner, *The Civil Jury Trial and the Law-Fact Distinction*, 54 Cal.L.Rev. 1867, 1867-68 (1966) (referring generally to Coke's dichotomy and the respective provinces of judge and jurors in a civil case); but see Parker, *supra*, at 550-56 (special interrogatories under Federal Rule of Civil Procedure 49(b) represent an appropriate "middle course" between the general and special verdict procedures).

B. *The Jury's Special Verdicts*

The special verdicts themselves, together with the jury's answers, are attached as appendix A. The following is a narrative summary of the jury's findings.

The jury found that plaintiff had the technical and financial capabilities to construct and operate a cable television system in the Sacramento metropolitan area, even though they determined under the instructions given them that no amount of damages should be awarded to plaintiff. The jury also found that defendants had not left open ample alternative channels of

lic and workers or noise, visual clutter, environmental and/or aesthetic problems. Even so, the jury said that defendants not use these problems as a pretext justifying their franchising process.

As for whether cable television is a natural monopoly, the jury found that it is not. In other words, the jury was persuaded that "head-to-head" competition is likely to occur and endure in the Sacramento market. Moreover, the jury concluded that this justification was a sham or pretext for granting a single cable television franchise and that defendants used this justification to promote the making of payments and the provision of in-kind services by the company ultimately selected as the franchisee. They also concluded this justification was used to obtain increased campaign contributions for elected officials.

On the other hand, the jury agreed with defendants that the public as a whole benefits from equal and uniform cable television service throughout the Sacramento community and that defendants' franchising process encourages such uniformity to a greater degree than would be achieved in its absence. The jury also found that the public obtains significant benefits from the provision of public access channels, production facilities, technical assistance